

FISCAL NOTE

SB 2851 - HB 3157

March 8, 2000

SUMMARY OF BILL: Requires TennCare to contract with a separate managed care organization to pay for the health care services to enrollees with acute care conditions. Requires that payments are actuarially sound.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Net Impact - Exceeds \$1,000,000

Other Fiscal Impact - Increase Federal Expenditures - Net Impact - Exceeds \$2,000,000

Estimate assumes:

- A need for increased staff and administrative expenses, including computer upgrades, in the TennCare Bureau to develop and administer such a program.
- A reduction in capitation payments for those TennCare MCOs that would not have acute care enrollees in their plans.
- The capitation rate necessary to convince insurers to accept a contract for only acute care enrollees is estimated to significantly exceed savings in capitation rates of those plans from which such enrollees were removed.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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